7/4/88 R4105-4

Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

July 1988

CONFIDENCE DOWN BUT STILL STRONG

The Index of Consumer Confidence (1985 = 100), which had registered a sturdy increase in May, gave back all of the gain in June. The current Index reading is at 115.5, a loss of almost five points for the month. In the latest survey, consumers were somewhat less positive in their assessment of ongoing conditions, and markedly less optimistic in their expectations for the coming months. Declines in confidence were experienced in almost all regions of the country. Buying plans were mixed to weaker.

In June, as compared with the prior survey, substantially fewer respondents believed that business conditions were "good"--only 27.2%, down from 31.6%. On the issue of employment, however, opinion has not changed very much. Some 31% say that jobs are "plentiful," which is about the same as a month ago. Slightly fewer people, however, complain that jobs are "hard to get."

In looking ahead to the next six months, a smaller proportion of respondents than last time, 20% down from 22%, believe business conditions will improve. Employment expectations are also less positive. There was a small rise in the proportion of those who fear jobs will become sparser. People are also less positive about their own immediate financial outlook. In June, less than 26% expected their incomes to increase over the next six months, down from a preceding 29%.

Plans to buy cars, which had been running very strong for some months, were down in June to 8.4% of respondents from a previous 9.4 percent. The timing of the industry's promotions probably had a lot to do with this development. Intentions to purchase a major appliance are down from 36% to 29% of all respondents. Home buying plans moved up in June but are still below the levels registered earlier in the year.

Despite the decline in the Consumer Confidence Index, the current reading is still at a reassuringly high level. The present figure is more than 12 points ahead of this time last year. It is still not clear what made for last month's decline in confidence. A contributing cause may be growing concern that interest rates will soon increase. In fact, on a survey question concerning this issue, 72% of all respondents indicated that they anticipate a rise in rates, compared with less than 66% a month earlier.

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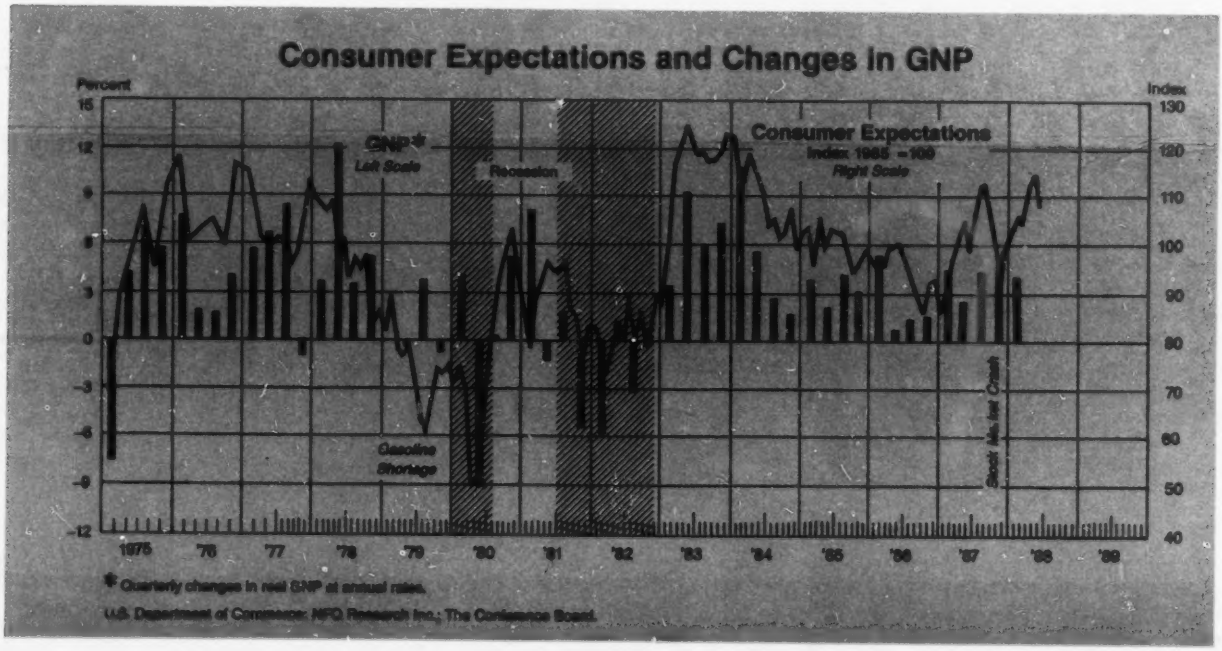

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

Business **Employment** **Income**

All series seasonally adjusted.	1987 *June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	1988 *Jan.*	*Feb.*	*Mar.*	*Apr.*	*May(r)*	*June(p)*
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	102.1	105.8	110.7	115.7	115.1	100.8	107.7	109.9	114.9	112.7	115.7	120.2	115.5
Present Situation	107.9	106.2	115.6	120.5	124.4	115.6	119.8	121.5	129.1	124.5	120.2	129.0	125.8
Expectations	98.2	105.6	107.5	112.5	108.9	90.9	99.6	102.2	105.5	104.9	112.8	114.4	108.7
Appraisal of Present Situation: Percent													
Business Conditions													
Good	28.9	26.1	28.5	29.9	30.9	26.4	24.8	26.4	29.6	29.1	28.3	31.6	27.2
Bad	22.7	22.9	20.3	19.4	19.4	20.3	18.5	18.3	18.9	18.8	20.9	18.4	19.7
Normal	48.4	51.0	51.2	50.7	49.7	53.3	56.7	55.3	51.5	52.1	50.8	50.0	53.1
Employment													
Jobs plentiful	25.1	24.6	27.0	27.8	28.5	26.8	27.0	29.5	31.4	28.9	27.8	30.8	31.2
Jobs not so plentiful	44.3	46.1	45.3	46.1	47.4	47.0	49.4	44.8	45.9	47.0	48.1	45.4	45.7
Jobs hard to get	30.6	29.3	27.7	26.1	24.1	26.2	23.6	25.7	22.9	24.1	24.1	23.8	23.1
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	18.5	19.6	22.0	24.2	23.7	18.3	19.9	18.7	19.7	20.2	20.9	22.0	20.3
Worse	9.3	7.4	7.2	7.2	8.1	12.4	9.2	8.0	7.9	7.6	6.4	5.3	6.7
Same	72.2	73.0	70.8	68.6	68.2	69.3	70.9	73.3	72.4	72.2	72.7	72.7	73.0
Employment													
More jobs	16.1	17.5	20.1	20.9	19.3	15.5	16.8	16.2	16.7	15.8	18.2	19.0	18.4
Fewer jobs	16.0	14.6	15.3	14.2	13.8	19.1	16.6	15.6	14.4	14.0	11.9	12.6	13.9
Same	67.9	67.9	64.6	64.9	66.9	65.4	66.6	68.2	68.9	70.2	69.9	68.4	67.7
Income													
Increase	23.7	26.1	26.5	29.5	28.7	28.0	28.3	26.2	30.6	28.5	29.4	29.0	25.8
Decrease	7.4	6.6	7.5	5.8	7.3	9.1	8.4	6.3	6.5	6.7	6.0	6.0	6.2
Same	68.9	67.3	66.0	64.7	64.0	62.9	63.3	67.5	62.9	64.8	64.6	65.0	68.0
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	7.0	7.7	7.1	8.8	8.5	8.2	8.2	7.5	9.6	9.4	9.1	9.4	8.5
New	3.3	4.8	3.6	3.8	4.2	4.3	4.5	3.7	4.7	5.3	5.5	4.9	4.7
Used	3.1	2.1	2.9	3.5	3.0	2.8	3.0	3.0	3.5	3.3	3.1	3.3	3.3
Uncertain	0.6	0.8	0.6	1.5	1.3	1.2	0.7	0.8	1.4	0.8	0.5	1.2	0.5
Home													
Yes	3.3	3.6	4.1	3.9	3.9	3.7	3.5	3.8	5.0	4.7	3.5	3.3	3.8
New	0.9	0.8	1.4	1.2	1.1	1.0	0.8	1.3	1.6	1.7	1.1	1.1	0.8
Lived in	1.5	2.1	1.8	1.8	1.7	2.0	1.7	1.7	2.1	2.1	1.7	1.3	2.0
Uncertain	0.9	0.7	0.9	0.9	1.1	0.7	1.0	0.8	1.3	0.9	0.7	0.9	1.0
Major appliances													
Total plans	29.4	29.8	30.5	32.5	32.0	31.1	28.2	29.4	36.0	34.0	35.0	35.8	28.9
Refrigerator	4.7	4.6	4.5	5.1	4.7	4.3	4.1	5.0	5.8	5.4	5.3	5.9	4.7
Washing machine	3.9	4.4	4.1	5.4	4.8	4.4	3.3	4.1	5.4	4.4	5.3	5.1	3.5
TV Set	7.4	7.8	7.2	7.5	7.5	7.9	7.5	6.7	8.2	8.5	7.9	8.6	7.4
Vacuum Cleaner	4.6	4.8	5.0	5.6	5.3	5.6	5.5	4.6	5.9	5.9	5.6	6.0	4.6
Range	2.9	3.2	3.3	2.9	3.6	3.2	2.8	3.1	3.5	3.2	3.9	3.1	3.0
Clothes dryer	3.8	3.2	3.6	3.7	4.0	3.7	3.1	3.7	4.2	4.2	4.4	4.9	3.5
Air conditioner	2.1	1.8	2.8	2.3	2.1	2.0	1.9	2.2	3.0	2.4	2.6	2.2	2.2
Carpet	7.3	7.0	6.0	8.3	6.7	6.8	7.7	8.3	8.3	9.5	6.2	8.7	6.9
Vacation Intended Within Six Months: Percent*													
Vacation Intended	48.5		51.9		54.3		50.9		51.2		49.7		48.0
Destination †													
U.S.	44.2		46.7		48.6		44.5		44.3		42.8		41.1
Foreign country	6.6		7.0		7.8		8.2		8.9		9.3		9.4
Means of travel													
Automobile	29.8		30.6		32.9		30.9		29.8		29.8		27.5
Airplane	20.7		21.2		20.4		18.9		19.9		19.1		20.9
Other	3.7		4.3		4.6		3.8		5.0		4.4		4.6

(p)—preliminary (r)—revised

* All vacation plans data have been revised based on updated seasonal factors. Historical data are available on request.

† The U.S. and Foreign country series for December, 1987 and thereafter are not strictly comparable to earlier months.

Not seasonally adjusted	1987 June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.	Feb.	Mar.	Apr.	May(r)	June(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average			4.4	4.3	4.4	4.5	4.5	4.3	4.3	4.3	4.4	4.4	4.3
Interest Rates													
Higher	71.6	64.8	63.9	73.9	75.0	55.2	58.5	58.9	49.9	58.9	58.0	66.5	72.2
Same	18.3	25.4	24.0	18.4	17.2	22.8	24.1	24.9	25.7	27.6	27.6	23.6	19.3
Lower	10.1	9.8	12.1	7.7	7.8	22.0	17.4	16.2	24.4	13.5	14.4	9.9	8.5
Stock Prices													
Increase	43.6	46.3	45.5	41.4	39.9	34.1	31.1	36.0	36.6	46.9	38.7	39.3	40.8
Same	34.9	36.9	33.0	31.4	31.0	27.0	28.6	31.0	33.6	34.6	33.6	34.3	34.9
Decrease	21.5	16.8	21.5	27.2	29.1	38.9	38.3	33.0	29.8	18.4	27.7	26.4	24.3

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers:1985 = 100	1987 June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.	Feb.	Mar.	Apr.	May(r)	June(p)	AVERAGE:Apr.,May,June 1987	1988	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	155.8	156.6	152.7	158.5	160.0	141.7	148.2	153.6	155.0	152.4	159.2	153.9	152.2	147.9	155.1	4.9
Present Situation	201.5	206.9	207.1	209.4	208.7	200.7	204.7	199.2	202.4	200.0	203.7	203.0	209.3	191.5	205.3	7.2
Expectations	125 4	123.0	116.5	124.6	127.6	102.3	110.6	123.2	123.4	120.6	129.6	121.2	114.2	118.8	121.7	2.4
MIDDLE ATLANTIC																
Consumer Confidence Index	104.6	113.5	107.0	117.9	124.0	101.5	108.8	114.5	114.8	122.0	123.6	125.5	121.5	101.9	123.5	21.2
Present Situation	123.4	130.5	121.5	139.9	152.2	127.5	137.3	142.4	136.2	143.9	142.9	151.6	152.3	112.4	148.9	32.4
Expectations	92.1	102.1	97.3	103.3	105.2	84.3	89.8	95.9	100.5	107.4	110.7	108.1	100.9	94.9	106.6	12.3
EAST NORTH CENTRAL																
Consumer Confidence Index	83.3	87.3	91.6	102.9	103.8	88.0	87.9	97.0	97.0	95.3	104.0	108.7	102.8	83.0	105.1	26.6
Present Situation	98.8	86.5	102.3	111.7	116.0	99.4	96.3	103.4	99.2	91.3	102.8	107.7	111.5	83.9	107.3	28.0
Expectations	73.0	87.9	84.5	97.0	95.6	80.4	82.3	92.8	95.6	97.9	104.7	109.4	97.0	82.5	103.7	25.7
WEST NORTH CENTRAL																
Consumer Confidence Index	78.3	70.1	75.8	92.2	89.6	73.7	71.5	89.6	96.2	87.6	99.1	88.4	89.8	73.8	92.4	25.3
Present Situation	72.8	55.5	59.1	91.5	94.8	77.2	74.9	77.8	84.8	69.4	82.9	93.8	96.4	55.6	91.0	63.7
Expectations	82.0	79.9	86.9	92.7	86.1	71.4	69.3	97.5	107.2	99.7	109.9	84.9	85.4	85.9	93.4	8.7
SOUTH ATLANTIC																
Consumer Confidence Index	125.5	134.7	136.7	141.2	147.6	131.2	131.3	133.9	137.7	136.7	138.7	142.2	136.6	131.4	139.2	5.9
Present Situation	147.4	156.9	162.1	168.8	176.1	168.6	164.8	161.7	163.2	165.3	161.9	168.9	159.8	153.0	163.5	6.9
Expectations	110.9	119.8	119.8	122.9	128.6	106.2	109.1	115.4	120.7	117.6	123.3	124.5	121.1	116.9	122.9	5.1
EAST SOUTH CENTRAL																
Consumer Confidence Index	88.0	87.6	93.7	94.8	98.2	90.1	100.9	98.6	114.9	109.8	96.8	115.0	97.0	87.6	103.0	17.6
Present Situation	78.0	74.5	71.6	78.0	89.3	87.3	93.9	82.0	103.5	94.0	79.1	97.9	92.1	70.5	89.7	27.2
Expectations	94.8	96.3	108.4	106.0	104.2	92.0	105.5	109.8	122.5	120.4	108.7	126.5	100.4	98.9	111.8	13.0
WEST SOUTH CENTRAL																
Consumer Confidence Index	70.5	71.2	77.3	82.6	78.3	70.1	68.7	74.9	81.7	69.7	75.3	77.9	76.8	66.5	76.7	15.3
Present Situation	23.6	19.6	26.2	28.3	26.1	28.5	27.7	26.5	33.0	20.1	22.6	34.6	27.7	15.6	28.3	81.7
Expectations	101.9	105.7	111.4	118.8	113.1	97.8	96.0	107.2	114.3	102.8	110.4	106.8	109.5	100.4	108.9	8.5
MOUNTAIN																
Consumer Confidence Index	83.8	74.8	84.2	102.8	101.4	76.4	85.7	84.5	82.4	94.6	87.5	94.4	86.6	82.7	89.5	8.2
Present Situation	58.4	49.6	60.0	82.6	93.4	67.5	76.1	54.4	66.6	77.8	67.5	73.2	70.8	52.9	69.1	30.6
Expectations	100 7	91.6	100.3	116.3	106.8	82.4	92.1	104.5	93.0	105.8	107.6	104.6	97.2	102 6	103.1	0.5
PACIFIC																
Consumer Confidence Index	112.3	114.7	124.0	125.1	125.3	125.5	121.2	125.2	135.2	125.2	121.1	125.5	125.9	108.0	124.1	15.0
Present S. ·ation	133.2	132.2	147.1	149.0	151.4	152.1	148.2	140.0	157.3	150.7	135.2	149.1	150.8	117.2	145.0	23.8
Expectations	98.4	103.0	108.6	109.1	107.9	107.7	103.2	115.4	120.4	108.3	111.7	109.7	109.3	101.9	110.2	8.2

***Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**